



DEPARTMENT OF HEALTH CARE POLICY AND FINANCING

A Fact Sheet

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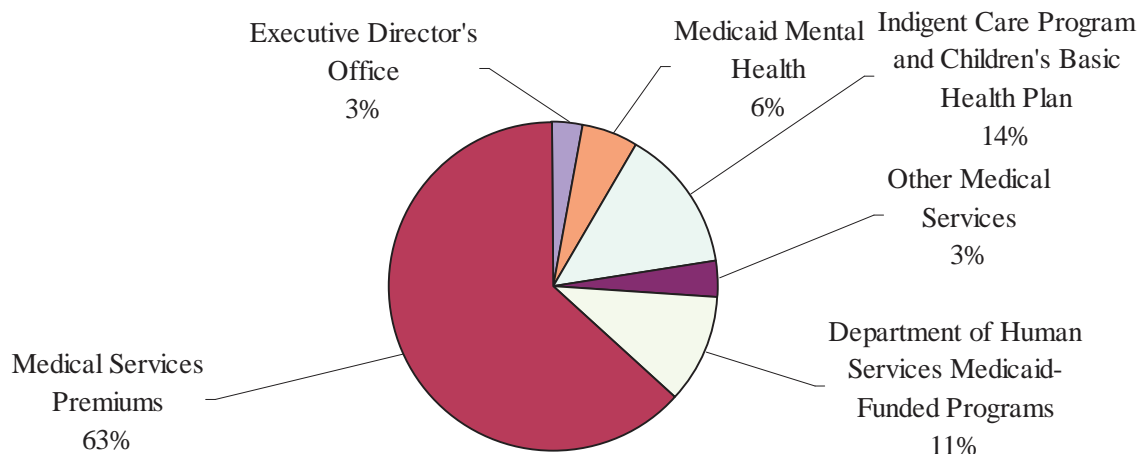
Office of State Planning and Budgeting

November 2008

The Department of Health Care Policy and Financing (the Department) is the single state agency responsible for administering the Medicaid program (Title XIX of the Social Security Act) and the State Child Health Insurance Program (Title XXI), known as the Children's Basic Health Plan. In addition to these programs, the Department administers the Colorado Indigent Care Program, the Old Age Pension State Medical Program, the Comprehensive Primary and Preventive Care Grant Program, the Primary Care Fund as well as the Home and Community Based Services Medicaid Waivers. The Department also provides healthcare policy leadership for the state's Executive Branch. Most of the Department's programs are funded in part by the federal Centers for Medicare and Medicaid Services. The Medicaid program receives approximately 50% of its funding from the federal government and the Children's Basic Health Plan receives approximately 65% of its funding from the federal government.

FY 2008-09 Appropriation		FY 2009-10 Budget Request	
Total Appropriation:	\$3,763,974,895	Total Request:	\$4,058,708,543
Percent of Statewide Total Appropriation:	20.2%	Percent of Statewide Total:	21.1%
General Fund Appropriation:	\$1,528,855,914	General Fund Request:	\$1,641,856,282
Percent of Statewide General Fund Appropriation:	19.9%	Percent of Statewide General Fund:	20.1%
Total Full Time Equivalent Employees (FTE):	272.7	Total Full Time Equivalent Employees (FTE):	282.4

FY 2009-10 Budget Request by Program Area



Department in Summary FY 2009-10:

- The Colorado Medicaid program will serve an estimated monthly average of 435,038 low-income or disabled individuals at a projected average annual cost of \$5,837 per individual in FY 2009-10. Total expenditures for Medicaid medical services premiums are expected to increase by 5.4 percent or \$130.9 million (\$51.6 million in General Fund) over the revised FY 2008-09 estimated expenditures.
- The Medicaid caseload is expected to show an annual average increase of 7.6 percent in FY 2008-09 followed by an increase of 3.2 percent in FY 2009-10. These caseload projections mark a change in trend from the last three years, in which caseload declined. Of the projected caseload increase of 29,689 in FY 2008-09, 6,168 are anticipated to be the result of an eligibility expansion and Department requests and initiatives. Similarly, 8,612 of the projected 13,387 caseload increase in FY 2009-10 are due to these expansions.
- The recent history of declining to flat caseload growth has been offset by increases in the average annual per capita cost and has resulted in total expenditures that continue to grow, albeit at a slower pace than was seen at higher caseload growth rates. The table below shows the recent history of Medicaid caseload, per capita cost, and total expenditures.

Fiscal Year	Caseload	Per Capita Cost	Total Expenditures
FY 2002-03	331,800	\$4,977.91	\$1,651,670,874
FY 2003-04	367,559	\$5,010.73	\$1,841,738,922
FY 2004-05	406,074	\$4,662.42	\$1,893,285,567
FY 2005-06	402,218	\$4,928.66	\$1,982,396,076
FY 2006-07	392,228	\$5,222.57	\$2,048,437,415
FY 2007-08	391,962	\$5,681.77	\$2,227,037,481
FY 2008-09 (Est.)	421,651	\$5,712.85	\$2,408,828,915
FY 2009-10 (Est.)	435,038	\$5,836.67	\$2,539,173,243

- The Children's Basic Health Plan (CHP+) will serve an estimated 56,703 low-income children and 2,109 pregnant women in FY 2009-10. The average annual costs of services are \$1,776 for children's medical, \$170 for children's dental, and \$12,680 for women's prenatal care and delivery.
- The Colorado Indigent Care Program provides reimbursement to providers for the uncompensated costs of care associated with serving approximately 170,000 uninsured or under-insured adults and children. As of FY 2008-09, the Colorado Indigent Care Program consisted of the following three line items: Safety Net Provider Payments; The Children's Hospital, Clinic Based Indigent Care; and Pediatric Specialty Hospital. The Department's FY 2009-10 Budget Request includes \$335.3 million for indigent care providers funded through these line items. The Department utilizes various financing methods in order to draw federal funding for the Colorado Indigent Care Program: Certification of Public Expenditures, the federal Disproportionate Share Hospital payment, and the Medicare Upper Payment Limit allow the Department to treat expenditures incurred by public hospitals as the state match necessary to draw federal funding. As a result, only \$31.8 million of the total Indigent Care funding in FY 2009-10 is General Fund. The General Fund share is required as the state match for privately-owned hospitals.

- The Medicare Modernization Act, Part D prescription drug benefit went into effect on January 1, 2006. As a result, prescription drug costs for dual eligible clients—those eligible for both Medicaid and Medicare—are now paid through the federal Medicare program. FY 2008-09 state savings are expected to be partially offset by the State Contribution Payment, or “clawback” payment, of \$81.2 million to the federal government, which reimburses approximately 86 percent of the costs that would have otherwise been incurred by the State. In FY 2009-10, the total State Contribution Payment is expected to be \$86.5 million.
- HB 05-1262 is the enabling legislation for the tobacco tax that was adopted by a vote of Colorado citizens in November 2004 as Amendment 35 to the Colorado Constitution. The tobacco tax is projected to generate approximately \$159.2 million of Cash Funds revenue in FY 2009-10. The legislation states that 46% (\$73.2 million in FY 2008-09) of the revenues are to be appropriated to the Health Care Expansion Fund “to increase the number of children, pregnant women, and adults who receive medical care through either Medicaid or the Children’s Basic Health Plan.” As shown in the table below, it is estimated that the Health Care Expansion Fund expenditures will be more than \$130 million in FY 2009-10 resulting in more than 57,000 individuals receiving health care benefits.

Brief Description	Expansion Caseload	Total Expenditures
Removal of the Medicaid Asset Test ¹	N/A	\$34,022,248
Parents of Eligible Children to 60% of FPL	12,802	\$17,948,220
Additional Slots for Children’s Waiver Programs	757	\$12,095,327
Health Care for Legal Immigrants	5,346	\$14,986,780
Presumptive Eligibility for Pregnant Women	1,125	\$2,042,404
Health Care for Foster Children Age 18 to 21	2,211	\$6,305,135
Subtotal Medicaid Medical Service Premiums	22,241	\$87,400,114
Funding for Medicaid Mental Health for Expansion Populations ²	21,116	\$9,596,726
Subtotal Medicaid Mental Health	21,116	\$9,596,726
Resources for CHP+ Marketing	N/A	\$540,000
State Funding for CHP+ Above FY 2003-04 Caseload ³	31,007	\$27,830,489
CHP+ Expansion from 186% to 200% of FPL	4,447	\$3,670,985
DI-7, Adult Dental Benefit for CHP+ Prenatal Women	N/A	\$39,333
Subtotal CHP+	35,454	\$32,080,807
Subtotal Department of Human Services Programs	N/A	\$583,817
Subtotal Administrative Expenses	N/A	\$550,833
Total⁴	57,695	\$130,212,297

Notes: 1. Caseload for the Asset Test Removal has been difficult to extract from available data since the Department is no longer able to collect asset information that could be used in the calculation of a caseload for the Asset Test Removal population. In addition, the Department assumes that many of the clients eligible for Medicaid due to the Asset Test Removal were previously eligible for CHP+. Due to these confounding factors, no caseload is given for the Asset Test Removal.

2. Clients served by the Medicaid Mental Health Expansion are the same as those receiving services through the Medical Services Premiums Expansion, minus the Presumptive Eligibility population.

3. CHP+ caseload is only directly expanded by the increase to the FPL. The remainder is organic growth that is now financed from the tobacco tax.

4. The total caseload excludes the Mental Health populations as the same population is served by both the Medical Services Premiums and Mental Health service expansions.

- According to Amendment 35, 19% (\$30.2 million in FY 2009-10) of the tobacco tax revenues are appropriated to the Primary Care Fund. The Department allocates these funds to cover uncompensated costs for health care providers that qualify through designation as a federally qualified health center (FQHC) or by serving at least 50% of patients who are uninsured, medically indigent, or enrolled in Medicaid or the Children's Basic Health Plan. Other tobacco tax funds are administered by the Department of Public Health and Environment and the Department of Revenue.

Leading Budget Change Requests for FY 2009-10:

- DI-1 Medical Services Premiums – \$212.6 million (\$80.1 million General Fund) requested for caseload and utilization increases to serve 435,038 people at an average cost of \$5,837 per person for medical services in the Medicaid program.
- DI-2 Medicaid Community Mental Health Programs – The Department of Health Care Policy and Financing Division of Medicaid Mental Health Community Programs is requesting \$16.3 million total funds (\$6.0 million General Fund). This request is based on an estimated caseload of 414,202 Medicaid clients who are also eligible for the associated Medicaid mental health services.
- DI-3 Children's Basic Health Plan – \$17.6 million total fund decrease (\$4.3 million General Fund increase) for Children's Basic Health Plan caseload and services. The budget request will fund 56,703 children (an increase of 0.71% percent) and 2,109 pregnant women (an increase of 14.19% percent) in FY 2009-10.
- Governor's Initiatives - The Department is committed to ensuring that clients are healthier when they leave the Medicaid and Children's Basic Health Plan programs than when they entered. To that end, the Department is proposing a set of enhancements to administrative and program functions and interventions designed to maximize the health, functioning and self-sufficiency of Medicaid clients and providers. The primary goals of all four proposals in the Department's Budget Request for FY 2009-10 are to (1) provide a model that delivers seamless, integrated care to clients between different delivery systems, (2) maximize client health and satisfaction, and (3) achieve greater cost-effective care. The common thread underlying all of the proposals is making the health care delivery system, and access to programs, more outcomes-focused and client-centered. These enhancements and programmatic changes will lead to a more coordinated system based on shared responsibility; where payers, providers, and clients each take appropriate responsibility for improving the health and health care for Colorado residents. The Department's set of proposals are divided into four Change Requests:
 - DI-5 Improved Eligibility and Enrollment Processing, \$7.5 million (\$3.6 million General Fund)
 - DI-6 Medicaid Value-Based Care Coordination Initiative, \$2.4 million (\$899,050 General Fund)
 - BRI-1 Pharmacy Technical and Pricing Efficiencies, a net decrease of \$31,507 (\$207,348 reduction in General Fund)
 - BRI-2 Medicaid Program Efficiencies, a total decrease of \$1.7 million (\$865,509 General Fund)
- DI-12 Enhance Medicaid Management Information System Effectiveness - \$395,029 total funds (\$114,828 General Fund) to hire 1.0 FTE in the Department's Information Technology Division and increase the number of contracted pooled development hours. This is to increase the Department's rate

- of progress toward completing a consistent backlog of customer service requests for systems changes that would increase overall efficiency, accuracy, and oversight of its claims payment systems.

Key Issues and Legislation from 2008:

- HB 08-1114 Reimbursement of Nursing Facilities Under Medicaid - Reforms nursing facility reimbursement rates. It requires facilities to pay a provider fee to the Department, and the Department will request federal matching funds for this fee from the Centers for Medicare and Medicaid Services. The bill also requires the Department to increase nursing facility rates based on a specified formula effective July 1, 2008.
- HB 08-1374 Program of All-inclusive Care for the Elderly - Repeals the requirement that the monthly capitated rate for the Program of All-inclusive Care for the Elderly be based on 95% of the Medicaid fee-for-service costs of an actuarially similar population, and allows the Department to annually re-negotiate a monthly capitated rate.
- HB 08-1409 Medicaid Payment Recovery - Required by the federal Deficit Reduction Act of 2005. It strengthens the Department's ability to recover from third parties liable for payments made on behalf of Medicaid recipients. This bill requires all third party health insurance companies doing business in Colorado to provide the Department with eligibility records identifying all individuals insured by the third party, and provide other information and cooperation to the Department or its contractor.
- SB 08-003 Family Planning Pilot Program - Extends family planning services to low-income men and women of child bearing age who have no other insurance, and would otherwise not be eligible for Medicaid. It removes the 150% federal poverty level limitation, and allows a new federal poverty level to be established through the waiver process.
- SB 08-006 Suspend Medicaid for Confined Persons - Requires that a confined person remain eligible for Medicaid while confined if the person received Medicaid immediately prior to becoming confined; however, no Medicaid services will be furnished while the person is confined unless federal financial participation is available.
- SB 08-022 Overexpenditure Authority for the Children's Basic Health Plan - Authorizes overexpenditure authority for the Children's Basic Health Plan. It provides needed flexibility for the Department in its budgeting process so that it can address impacts of ongoing fluctuations in caseload.
- SB 08-160 Improvements to Medicaid and the Children's Basic Health Plan - Expands eligibility for children and pregnant women in the Children's Basic Health Plan to 225% of the federal poverty level, or up to 250% if funding permits. It also requires mental health benefits provided under the Children's Basic Health Plan to be at least as comprehensive as those offered under Medicaid.
- SB 08-230 Hospitals to Levy Sales Tax - Grants taxing authority, subject to voter approval, to Denver Health and University Hospital as "unit of government" hospital providers. In addition, it requires the Department to make payments to state university teaching hospitals for providing care to Medicaid clients. This bill addresses a federal rule published by the Centers for Medicare and Medicaid Services that redefined public hospitals as being a unit of government with taxing authority, and made such status a requirement to certify public expenditures as the State match to draw federal funds.

Department Wide Performance Measures in FY 2009-10 Budget Request:

1. Performance Measure #1 - Increase the number of clients served through targeted, integrated care management programs.
2. Performance Measure #2 - Increase the number of children served through a dedicated medical home service delivery model.
3. Performance Measure #3 - Survey customer satisfaction with managed care using the Consumer Assessment of Health Plans Survey (CAHPS).
4. Performance Measure #4 - Improve access to and the quality of Medicaid health care as demonstrated through improvements in Medicaid Health plan scores on Health Plan Employer Data Information Set (HEDIS) measures.
5. Performance Measure #5 - Increase the number of managed care options for clients enrolling in Medicaid.

Links to Additional Fact Sheets and Websites

- [Colorado Department of Health Care Policy and Financing](http://www.colorado.gov/hcpf) (www.colorado.gov/hcpf)
- [Colorado Benefits Management System](http://www.cdhs.state.co.us/cbms) (www.cdhs.state.co.us/cbms)
- [Colorado Department of Health Care Policy and Financing Budget](http://www.colorado.gov/hcpf) (www.colorado.gov/hcpf - click “Partners & Researchers”, then “Budget”)
- [Colorado Children’s Health Plan Plus](http://www.cchp.org) (<http://www.cchp.org>)
- [United States Department of Health and Human Services](http://www.hhs.gov) (www.hhs.gov)
- [The Centers for Medicare and Medicaid Services \(CMS\)](http://www.cms.hhs.gov) (www.cms.hhs.gov)

For more information about this Department and its programs, please call Ginny Brown at 303-866-3972 or Nicole Storm at 303-866-3180.

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